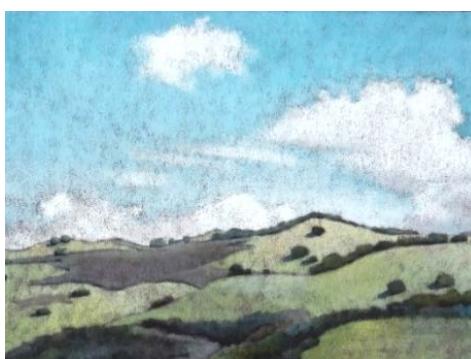
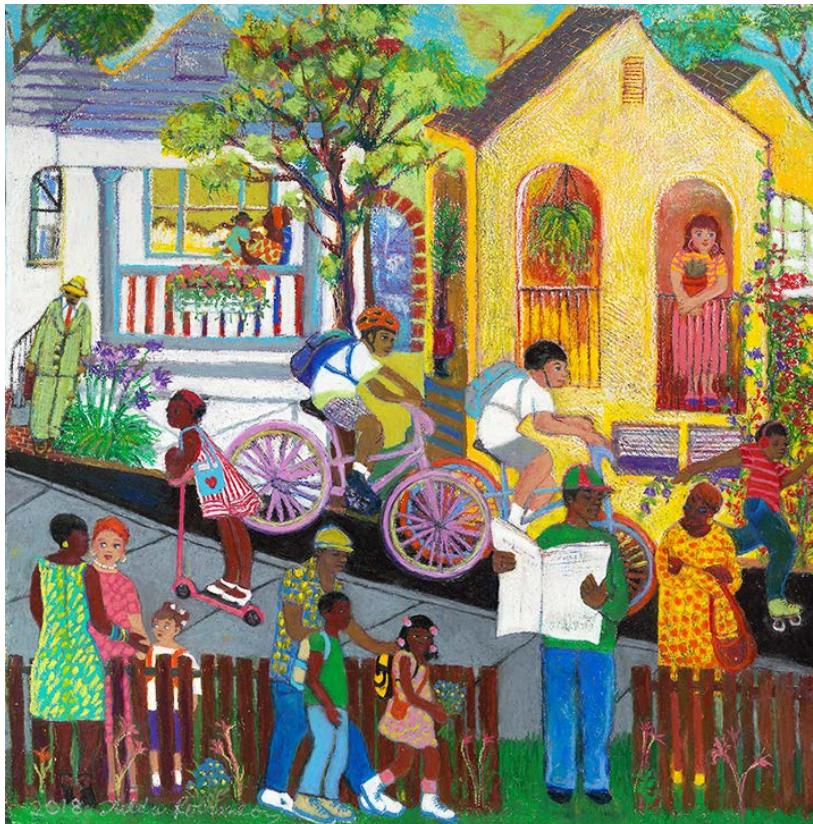


# Exhibit 3

# County of Alameda FINAL BUDGET 2021-2022



PRESENTED BY THE COUNTY ADMINISTRATOR



Presented to the  
Alameda County Board of Supervisors

**Keith Carson, President**  
**5<sup>th</sup> District**

**David Haubert**  
**1<sup>st</sup> District**

**Richard Valle**  
**2<sup>nd</sup> District**

**Wilma Chan**  
**3<sup>rd</sup> District**

**Nate Miley, Vice President**  
**4<sup>th</sup> District**

**By Susan S. Muranishi, County Administrator**

Cover Images feature artworks created by Alameda County artists. The artworks are part of the County's Public Art Collection and are installed at two County locations, the East County Hall of Justice in Dublin and the Cherryland Community Center in the unincorporated community of Cherryland. Front Cover Images (from top to bottom, left to right): Artworks created by Hilda C. Robinson, "In the Neighborhood" 2018, oil pastel on paper; Karen Kramer, "Harvest Bounty" 2016, watercolor on paper; Usha Shukla, "Yarrow" 2019, oil on panel; Jean Sanchirico, "In the Hills" 2018, chalk pastel on paper; Yan Inlow, "Butterflies Enjoying Poppies on a Spring Day #1" 2016, silk embroidery; Anthony Holdsworth, "A Café in Dublin, Alameda County" 2019, oil on canvas. Back Cover Images (from top to bottom, left to right): Artworks created by John Paul Marcelo, "Lake Merritt Afternoon" 2019, oil on wood panel; Robert Anthony Daulton, "Tassajara 11, Cirsium Occidentale, almost stepped upon" 2019, cut paper; Hilda C. Robinson, "Saturday at the Market" 2018, oil pastel on paper; Robert Anthony Daulton, "Tassajara 9, Eucalyptus Globulus, overhanging water itself" 2019, cut paper; Fernando Reyes, "Shadows Crossing Meek Mansion" 2016, oil on wood panel; Karen Kramer, "In the Gardens of Cherryland No.2" 2016, watercolor on paper. Photographs of artworks by Dana Davis and Berkeley Giclée. All artworks copyright the artists. All rights reserved.

## 2021–2022 Final Budget Table of Contents

### BUDGET LETTERS

Final Budget Message .....	i
Proposed Budget Message .....	xiii

### EXECUTIVE SUMMARY

County Overview.....	1
Vision 2026.....	6
County Budget Process .....	15
Budget Overview.....	15
Values-Based Budgeting Adjustments Summary.....	27
COVID-19 Impacts .....	28
Program Summaries.....	29
General Government .....	29
Health Care Services .....	43
Public Assistance .....	57
Public Protection .....	65
Capital Projects .....	77

### AGENCY AND DEPARTMENT SUMMARIES

#### **GENERAL GOVERNMENT**

Assessor .....	89
Auditor-Controller Agency .....	93
Board of Supervisors .....	99
County Administrator .....	103
Community Development Agency .....	111

County Counsel .....	126
General Services Agency.....	130
Human Resource Services.....	139
Information Technology Department.....	145
Library .....	151
Public Works Agency.....	156
Registrar of Voters .....	170
Treasurer-Tax Collector .....	174
Zone 7 Flood Control Water Agency.....	178
<b>HEALTH CARE SERVICES</b>	
Health Care Administration .....	185
Behavioral Health.....	195
Environmental Health .....	202
Public Health Department .....	209
<b>PUBLIC ASSISTANCE</b>	
Department of Child Support Services .....	217
Social Services Agency .....	221
Social Services Administration and Finance .....	232
Adult and Aging Services.....	238
Children and Family Services .....	246
Workforce and Benefits Administration.....	253
<b>PUBLIC PROTECTION</b>	
District Attorney.....	265
Fire Department.....	275
Probation Department.....	283

Public Defender.....	294
Sheriff's Office.....	299
Trial Court Funding .....	310

## **SPECIAL BUDGETS**

Children's Services .....	313
Unincorporated Services.....	329
Human Impacts .....	337
Introduction .....	338
CalWORKs.....	339
Early Care and Education .....	340
Children and Family Services .....	341
Homelessness .....	342
Health Care Safety Net System .....	343
Medi-Cal.....	344
Behavioral Health.....	345
Communicable Disease Control & Prevention .....	346
CalFresh.....	347
General Assistance.....	348
Workforce Innovation & Opportunity Act .....	349
Immigrant Services .....	350
In-Home Supportive Services.....	351
Aging & Adult Protection .....	352
Area Agency on Aging .....	353

## **APPENDIX**

Appendix – Table of Contents.....	355
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Non Departmental Budget Unit Details.....	356
Summary by Fund – All Funds.....	360
Summary by Program – All Funds.....	363
Summary by Program – General Fund.....	367
Summary by Fund – Special Funds and Districts .....	370
Position Change Summary.....	373
Final Budget Adjustments.....	376
Community-Based Organization Contracts .....	389
Community-Based Organizations by Contractor .....	417
Glossary of Budget Terms .....	439
Subject Index.....	447



C O U N T Y   A D M I N I S T R A T O R

SUSAN S. MURANISHI  
COUNTY ADMINISTRATOR

June 25, 2021

Honorable Board of Supervisors  
Administration Building  
Oakland, CA 94612

**SUBJECT: ADOPTION OF THE FISCAL YEAR 2021-22 FINAL BUDGET**

Dear Board Members:

**RECOMMENDATIONS:**

- A. Authorize the County Administrator and Auditor-Controller to make necessary final adjustments and other technical adjustments as presented during the budget hearings;
- B. Adopt the Resolutions approving an increase in the special tax for the Emergency Medical Services District, an increase in the paramedic supplemental special tax for the Alameda County Fire Department, and no change to the special assessments for the Vector Control Services District, Lead Poisoning Prevention Program, and Public Works Agency-administered County Service Areas as presented at the hearing on June 22, 2021;
- C. Adopt a Resolution approving the Clean Water Protection fees as presented at the hearing on June 22, 2021;
- D. Sitting as the Board of the Alameda County Flood Control and Water Conservation District, adopt a Resolution approving Flood Control District benefit assessments as presented at the hearing on June 22, 2021;
- E. Adopt the Capital Improvement Plan for Fiscal Year (FY) 2021-22 through FY 2025-2026; and
- F. Adopt the FY 2021-22 Final Budget.

**DISCUSSION/SUMMARY:**

The **FY 2021-22 Final Budget**, which incorporates adjustments approved by your Board during budget deliberations, is **balanced**. The Final Budget for **all funds** totals **\$3.6 billion** and provides funding for 10,078.33 full-time equivalent positions (FTEs). The **General Fund Budget** totals **\$3.3 billion** and supports 8,210.66 FTEs.

	FY 2020-21 Approved	FY 2021-22 Proposed	FY 2021-22 Final Budget	Change from FY 2020-21 Approved
<b>All Funds</b>				
Budget	\$3,513,383,398	\$3,560,351,272	\$3,607,949,258	\$94,565,860
FTEs	9,963.09	10,060.78	10,078.33	115.24
<b>General Fund</b>				
Budget	\$3,145,141,105	\$3,267,393,860	\$3,314,991,846	\$169,850,741
FTEs	8,080.70	8,194.95	8,210.66	129.96

The Final Budget closes a **\$49.2 million funding gap** through a combination of spending reductions, revenue increases and the use of Available Fund Balance. To the extent possible, your Board's Vision 2026 values and priorities guide proposed reductions within each program area. Budget balancing strategies include Internal Service Fund adjustments due to the elimination of 8.56 vacant full-time equivalent positions in the Information Technology Department, salary savings, and a combination of ongoing and one-time revenue increases.

The following table summarizes the net cost reductions required to close the funding gap:

General Fund	Net County Cost Reductions (\$ millions)
General Government	\$ 7.9
Health Care	4.7
Public Assistance	5.5
Public Protection	10.0
Countywide Strategies	21.1
<b>Total</b>	<b>\$49.2</b>

The Final Budget is balanced with \$25.4 million or 52% in ongoing strategies and \$23.8 million or 48% in one-time solutions.

## **Funding Priorities and Board Directives**

During formal deliberations on the FY 2021-22 Proposed Budget, your Board discussed several proposed policy directives and funding priorities advanced by Board Members as outlined in the attached letters submitted prior to the close of Budget Hearings on June 22, 2021.

**1. ALL IN Eats expansion of the Alameda County circular food economy (Attachment 1 – Supervisors Chan and Haubert)**

*Support a \$6.8 million investment beginning in FY 2021-22, for the expansion of a circular food economy in collaboration with various County agencies/departments and Community-Based Organizations, and direct staff to develop a financing plan from existing sources, including State and federal funds. For future expansion, ALL IN Eats will present a business plan to the full Board of Supervisors in the fall of 2021.*

Your Board reached consensus to support the ALL IN Eats proposal and directed staff to develop a financing plan to support a \$6.8 million investment to expand the circular food economy in FY 2021-22 from existing sources, including State and federal funds. For future expansion, ALL IN Eats will present a business plan to the Board of Supervisors in the fall of 2021.

**2. Extend the “Enhancing Vision 2026 Fund” (Attachment 2 – Supervisors Valle and Haubert)**

*Direct the County Administrator and the Auditor-Controller to extend the funding for the Enhancing Vision 2026 Fund by three additional fiscal years beginning in FY 2022-23 through FY 2024-25, for a total of \$5 million per year or \$1 million per Supervisorial District per year, totaling \$15 million over three years, to enhance visionary programs and services for children, youth, and families in each District; funded by residual property tax, with no change in the annual allocation and administration of the Fund by the Health Care Services Agency.*

Your Board endorsed the proposal to extend the Enhancing Vision 2026 Fund by an additional three years from FY 2022-23 through FY 2024-25 by designating residual tax proceeds, continuing administration of the fund by the Health Care Services Agency, and including a more robust Results-Based Accountability and evaluation process.

**3. Identify funding for St. Rose Hospital to maintain critical safety-net operations (Attachment 3 – Supervisors Miley and Valle)**

A. *Contingent upon Health Committee verification and review of St. Rose Hospital’s budget presentation, it is recommended that American Rescue Plan Act funding be directed to St. Rose Hospital in an amount of \$8 million per year starting in FY 2020-21 through FY 2024-25 for a total of \$40 million; and*

B. *Request that the Health Committee consider an increase of \$1 million to the Measure A base allocation for St. Rose Hospital for FY 21-22 to FY 24-25.*

Your Board directed the County Administrator and Health Care Services Agency Director to identify \$8.0 million in existing FY 2020-21 funds to support the St. Rose Hospital current year budget, contingent upon Health Committee verification and review of St. Rose Hospital's budget on Monday, June 28, 2021.

**4. Establish funding for Behavioral Health Care Services Community-Based Programs  
(Attachment 4 – Supervisor Miley)**

*Direct the County Administrator to provide the Board with a proposal to identify \$50.0 million in reserves to support Alameda County Behavioral Health Care Services for increased acute, sub-acute, and other Community-Based programs for FY 2021-22.*

Your Board directed the County Administrator and Health Care Services Agency Director to identify existing resources of \$8.565 million to fund the medium-term recommendations of the Alameda County Behavioral Health Forensic Plan in FY 2021-22.

**State and Federal Budget Impact**

The COVID-19 pandemic-induced recession and current economic recovery are unlike any in recent history. The pandemic created both a public health crisis and economic crisis of unprecedented scale, disrupting lives and forcing restrictions to preserve healthcare system capacity. While revenue shortfalls projected a year ago have not materialized to the extent we originally anticipated, prudent actions taken by your Board mid-year have provided flexibility as we continue to learn and adapt to rapidly changing conditions.

Strong indicators among the higher income earners, the technology sector, and the housing market propelled State revenue collections ahead of projections. The Legislative Analyst's Office (LAO) found that while the State's budget outlook has improved considerably, the underlying revenue sources of personal income tax including capital gains are highly volatile and there is uncertainty about the sustainability of these gains. The LAO further cautions that any number of scenarios could result in revenue declines. The Legislature passed the FY 2021-22 State Budget Bill on June 14; however, discussions continue with the Administration to reach agreement on the final form of the State Budget. Given the strong increase in revenues presented in the May Revision, there remains opportunity for increased program revenue once the State Budget is approved.

Several State proposals could again shift added responsibility and costs to the County without adequate funding. The pretrial program and the closure of the Division of Juvenile Justice will require ongoing adequate and consistent State funding to ensure success. The May Revision includes over \$12 billion in funding for homelessness but much of it is in capital expenses when the need for ongoing service funding is pronounced.

Federal stimulus funds through the CARES Act and the American Rescue Plan have provided one-time relief to state and local governments, but we must continue to underscore the temporary nature of these funding sources. The County's continued reliance on State and federal funding and policy decisions will require that we closely monitor potential funding impacts and cost shifts to counties, in addition to continued active engagement and advocacy in Sacramento and Washington D.C.

In addition to ongoing State and federal funding concerns, other major pending factors that will impact our finances include unanticipated special election costs, litigation, pension liabilities, the impact of climate change including wildfires and drought and the ongoing homelessness crisis.

### **Final Budget Program Highlights**

The Final Budget highlights the alignment of our program investments with the County's Vision 2026 foundational principles of equity, access, and fiscal stewardship, and our 10X goals that reflect the County's core service and community priorities. Key countywide and multi-agency investments include:

- \$1.4 billion in Salary and Employee benefits for a diverse workforce of over 10,000 employees;
- \$720 million in funding for direct client services provided by 261 community-based organizations, including \$89 million for the Alameda Health System.
- \$348 million in public benefit and assistance programs;
- \$191 million for homelessness programs and affordable housing
- \$321 million in services to the unincorporated areas
- \$707 million for children's services

Additionally, the Final Budget includes several multi-year Board Initiatives:

- **Enhancing Vision 2026 Fund** (for children, youth, and families)
  - 3<sup>rd</sup> year allocation (FY 2019-20 through FY 2021-22)
  - \$5 million each year (\$1 million for each supervisorial district)
- **Housing & Homelessness**
  - \$5 million – Affordable Housing Trust
  - \$2.5 million – HCSA Office of Homeless Care and Coordination
- **East County Economic Development Infrastructure Improvement Fund**
  - \$5 million annual allocation (through FY 2026-2027)

We continue to fully integrate **Vision 2026** into all aspects of County services and operations while investing in strategic partnerships and collaborations involving our agencies and departments, community-based providers, and other stakeholders.

### **Looking Forward**

While the County continues to face budgetary challenges from the pandemic and public health emergency, we have maintained continuity of operations, provided core services to our most vulnerable residents and communities, and protected the health and safety of our employees during a time of unprecedented disruption. Guided by your Board's Vision 2026 foundational operating principles of equity, access, fiscal stewardship, sustainability, collaboration and innovation; as well as our bold 10X goals, the County accelerated its adaptation to technology and implemented innovative solutions to continue providing services to our residents and diverse communities during the pandemic and shelter in place orders.

As we begin to emerge from the health emergency and transition to a “new normal”, many of the operational innovations and technology solutions will continue as we reimagine our priorities, programs, and services post-pandemic. Last November, your Board reaffirmed Virtual First service delivery as an emerging initiative that encourages and supports technology solutions that enabled the County to continue providing critical services efficiently and effectively while keeping our employees and communities healthy and safe.

During the recent Shelter in Place orders, our Information Technology team collaborated with several County departments to quickly develop new technology solutions to ensure that critical County services could be accessed anytime and anywhere including filing and recording documents, applying for public benefits and building permits, paying property taxes, visiting clients, telehealth visits and virtual meetings.

Your Board also adopted guidance to facilitate remote work options during the shelter in place orders that enabled our employees to continue to provide services to our residents and communities during the pandemic. Some of the creative workplace and workspace solutions may also continue as we emerge from the pandemic and reimagine our programs and services.

As we look forward to a new year of hope and transition, there are many Board priorities and initiatives that will continue and move towards implementation as we gradually return to a “new normal.” In addition, key investments in our infrastructure will focus on our priority deferred maintenance needs and an updated facility assessment report and Real Estate Master plan will help guide development of a more robust capital program including moving forward with your Board’s commitment to affordable housing and plans to develop our Broadway properties in Oakland. Planning is also underway for the replacement of fire stations funded by voter-approved Measure X.

Our internal infrastructure will also change with the Health Care Services Agency’s pivot to a longer term Office of COVID Mitigation and Prevention and implementation of a countywide Office of Diversity, Equity and Inclusion in the County Administrator’s Office.

While the federal CARES funding provided needed one-time resources to help offset some of the significant direct costs of the County’s COVID-19 response, the American Rescue Plan funding offers a forward-facing opportunity to strategically invest one-time longer-term funding to support the County’s post pandemic transition. Consistent with Vision 2026, your Board has committed to adopting guiding principles and a framework to help guide your planning and investment of these valuable one-time resources with the engagement of our diverse communities and stakeholders.

### **Closing Remarks**

Despite the challenges and uncertainty that surround us, your Board continues to provide strong financial and strategic leadership that enables the County to continue providing critical health, social, public safety, and general government services to support our 1.6 million residents and diverse communities.

Honorable Board of Supervisors

Page 7

June 25, 2021

As you adopt a Final Budget to start the new fiscal year acknowledging that further adjustments may be required when the State Budget is finalized, know that your budget supports a dedicated workforce and hundreds of community-based partners committed to providing an array of critical services to our diverse communities. We could not have achieved a balanced budget without the support and contributions from agency/department heads, guidance from the Budget Workgroup members, and the leadership and commitment of your Board to an open and inclusive process that has involved all stakeholders.

Although COVID-19 vaccinations and the gradual reopening of our communities offers hope, the long-term impacts of the pandemic on the economy and our finances and operations remain largely unknown. As always, your Board's leadership, the contributions of department heads and our entire County workforce will ensure that whatever the future may hold we will continue to serve the needs of our residents and diverse communities.

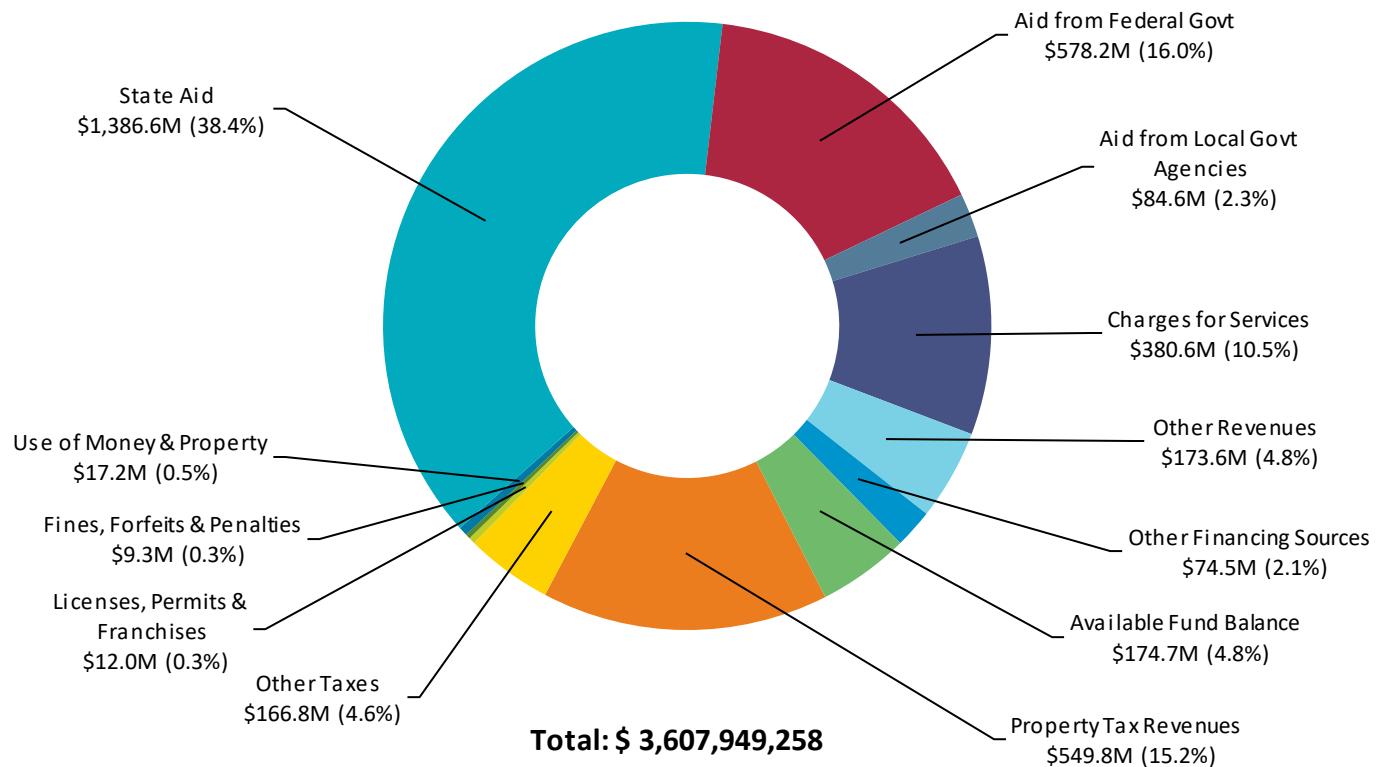
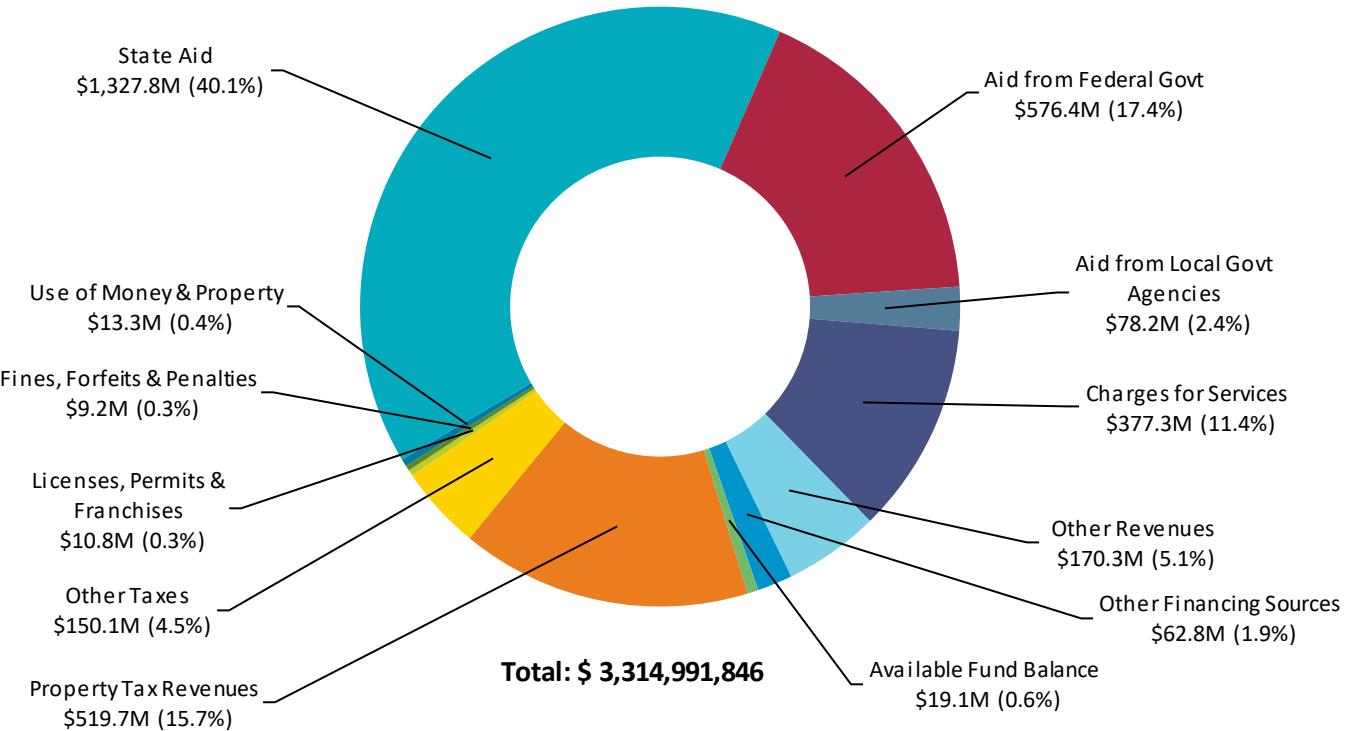
Very truly yours,

/s/  
Susan S. Muranishi  
County Administrator

SSM:AC:MPA

Attachments

c: Agency/Department Heads  
Budget Workgroup  
Legislative Advocates  
Labor Representatives  
Community-Based Organizations  
Boards and Commissions

BUDGET OVERVIEW**Available Financing by Source - All Funds****Available Financing by Source - General Fund**

 <b>Innovation</b>	<ul style="list-style-type: none"> <li>• Improve current data collection programs to provide complete and accurate information to improve efficiencies.</li> <li>• Approve solar projects with battery storage as next gen solutions to renewable energy development.</li> <li>• Continue to pursue paperless technology efficiency tools for remote tasks to enhance database and software requirements.</li> <li>• Offer enhanced customer experience through virtual services and responsive streamlined processes.</li> </ul>
 <b>Sustainability</b>	<ul style="list-style-type: none"> <li>• Continue to advance programs that encourage modernization and lessen the dependence of paper files.</li> <li>• Update the Community Climate Action Plan and develop next phase of strategy for climate action and resilience.</li> <li>• Continue to implement pest management programs to ensure sustainable ecology and food production.</li> </ul>

